



# NEWS RELEASE

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IMMEDIATE RELEASE (October 13, 1994)

## STATEMENT ON THE SIGNING OF THE FEDERAL STREAMLINING ACT OF 1994

Secretary of Defense William Perry released the following statement on the October 13, 1994 signing of the Federal Acquisition Streamlining Act of 1994.

"The Federal Acquisition Streamlining Act of 1994, based in great part on the "Section 800 Panel" Report, is the most significant change to laws that govern Federal procurement, and specifically Defense procurement, since the passage of the Armed Services Procurement Act of 1947. It is not only a catalyst for improving the acquisition process throughout the federal government, but is one of the first concrete signs that the Acquisition Reform revolution has begun. We are truly on our way to carrying out the President and Vice-President's mandate to reinvent government.

"The Department of Defense is committed to maintaining a strong, effective, force capable of deterring aggression against the United States and its allies and, if necessary, responding to threats anywhere in the world where U.S. national interests are at risk, with minimal casualties. In order to meet these new national security challenges, acquisition reform is imperative.

"We must find ways to reduce expenditures, support an integrated national industrial base composed of companies who are globally competitive, and gain access to state-of-the-art commercial technology on a timely basis. As noted in the report "Acquisition Reform: A Mandate for Change," DoD must fundamentally reengineer the acquisition process.

"While much can be done within the agencies to change current processes, this bill removes many of the barriers that have kept small businesses and commercial companies from selling to the government, and allows federal agencies, including DoD to adopt business practices that are characteristic of world-class customers today.

"I believe the passage of this Act is a major step in achieving our goals for acquisition reform because it provides for the following major improvements:

1. Facilitating purchases of commercial items by providing a statutory preference for commercial items and more broadly define commercial items than in the past;
2. Authorizing five Defense pilot programs;

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3. Simplifying and streamlining the contracting process by elevating the small purchase threshold, formerly \$25,000 to a simplified acquisition threshold of \$100,000; and exempting contract actions under that threshold from an impressive list of statutory requirements.

4. Also, providing a micro-purchased threshold (purchases less than \$2,500) allowing managers to purchase these small dollar requirements through the use of credit cards, from the competitive source they can find, be it Price Club, Staples or the General Administrative Services Agency (GSA).

"Once totally effective, approximately 99 percent of the procurement actions (accounting for approximately 14 percent of the dollars) completed annually by DoD will be able to be executed using simplified procedures. Coupled with the use of electronic commerce, it will allow a substantial reduction in lead-times, thus reducing inventory carrying costs and allowing the acquisition community to be more responsive to customer needs in a timely manner."

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